Title: Discussion on points arising out of the answers given by the Minister of State for Steel on 1.12.1999 to starred question No. 44 regarding reduction in import prices of steel items.

17.33 hrs.

SHRI SUNIL KHAN (DURGAPUR): At the outset, I would like to say that with reference to the earlier Starred Question No.44, dated 1.12.99, the Minister admits in his written and oral answers that the minimum import price has been reduced and the reduction of import duty has not affected the steel industry. It is a contradictory answer. Then, what was the necessity for fixing the floor prices?

In December 1998, the floor prices were announced. The average international export prices of certain categories of finished steel items were reported in the reputed and impartial international trade journal, the London Metal Bulletin. The prices as indicated in the LMB during the period May to July 1998 were used for computing the fair international export prices of European and the Japanese Steel Mills. Prices prevailing about six months earlier were used as import consignments and they usually take four to six months to arrive in India from those sources.

Now, I come to revision of floor prices. The Ministry of Commerce vide Notification No.31(RE-99)97-2002 dated 01.11.99 had reduced the reference price of a few flat items - both for prime, and second and the defectives. For example, in respect of the H.R. Coils the reference price prior to the Notification was US $ 302 per tonne. The reference price in the current rate is US $ 254 per tonne. The reduction is 16 per cent.

The reference price of steel of HR Sheets prior to Notification is US $ 317 per tonne and the current reference price is US $ 269 per tonne which amounts to a reduction of 15 per cent. The reference price of CR Coils prior to Notification is US $ 392 per tonne and the current reference price is US $ 351 per tonne, which is a reduction of 10 per cent. In the case of Alloy Bar and rods the reference price prior to Notification is US $ 740 and the current reference price is US $ 580 which is a reduction of 22 per cent. The basis of the reference price has been the average FOB price from non-dumping sources, namely European Mills and Japanese Mills during the last three months with an addition of 20 US dollars per tonne to arrive at C & F prices. However, the prices of HR Coils has been rising in the international market from April 1999 to August, 1999, at the rate of 22 per cent, on an average. When the international prices of HR Coils has gone up by, at least, 22 per cent in the last quarter over the price level in December, 1998, the current reference prices for prime varieties have been brought down by 16 per cent.

Sir, as a result of the Advance Licence Scheme, the Government is allowing export. That is why, the buyers are taking the advantage of lowering the import duty. Then, I understand that when they are exporting Salem stainless steel bars and sheets by ship, they are showing the standard quality as rejected, they get the shipment transferred to another ship in mid-sea and the same goods come back to India as second quality items. As a result of this, there is a loss to the exchequer. If it is found that they have not exported, you have the law to penalise them. But they can earn more money, by taking advantage of the Advance Licence Scheme, than the amount by which you penalise them for not exporting the goods. So, I would suggest that the Government should increase the import duty.

1740 hrs. (Dr. Raghuvansh Prasad Singh in the Chair)

In the case of SAIL, you are allowing the floor prices. Why are you allowing floor prices in the case of long products like joists, angles and T"s. There is a heavy demand in the market. I think, SAIL has a monopoly in the market. In the case of such types of items, allowing floor price should be stopped. In the case of flat products, it can be reduced to some extent.

I would like to raise one or two points with regard to restructuring of SAIL which is pending for one year. You have given a bail-out package to to steel producers like ESSAR and ISPAT and others to the extent of Rs. 5,200 crore. But why are you not restructuring SAIL? If you restructure SAIL, then, they will produce more products by modernising the plant and will also export their products.

SAIL has already lost Rs. 1,574 crore. You have allowed Rs. 1,200 crore through the rebate system. If you reduce Rs. 1,200 crore from Rs. 1,574 crore, it will come to Rs. 374 crore. Why have you allowed rebate in the prices? I can give the figures. The landed cost in September, 1999 in the case of 12 mm. rod was Rs. 22,009 per tonne. In the case of HR coils, it was Rs. 14,923 per tonne. The landed price is higher than the domestic price.

I have a question to ask. It is widely complained that our stockyards are reluctant to sell small quantities of steel directly to the parties and allow middlemen to avail of discount on purchases through the blackmarket. What is the problem in direct selling of any quantity to any party on any day of the month? SAIL can make some trials by stopping billets with rebate from all plants for the next two months. They can examine the movements in the market and the cost of financial hardship for two months consecutively by keeping huge stocks at plant stockyards and also by grounding the stocks of SAIL. Why is SAIL not making any effort to pick up a particular product and offer it for sale for two months, watch the market and then determine the strategies? So, please the import duty.

SHRI BASU DEB ACHARIA (BANKURA): Sir, a question was asked on 1st December about lowering the floor price and the customs duty in the case of imports of steel. An anxiety was expressed by the Members because for a number of times, the floor prices are being reduced. The customs duty is also being reduced.

">As a result of this, our domestic steel industry is adversely affected. But the Government is not admitting that our indigenous steel industry has been adversely affected. This was not the situation two years back. Why there is recession in the steel industry and this recession is not overlooked? Our per capita availability of steel is lower even when we compare with the developing countries also.

">Another problem is that second rated steel is being dumped or being allowed to dump in our country. Although there is a law, no action is being taken by the Ministry of Commerce to prevent the dumping of steel in order to protect our indigenous steel industry.

">Sir, regarding fixing of the floor price, I have said that there is no system and there is no transparency also. They do not know what is

needed and what is necessary. Like the BICP, if there is an independent body which can look into all aspects of the industry in regard to fixing of floor prices of different qualities of steel, it would be better.

">MR. CHAIRMAN : Please put your question.

">SHRI BASU DEB ACHARIA : I know that only one question is allowed to ask.

">May I know from the hon. Minister whether the Government consider a proposal to set up a body like BICP to determine the floor price of different qualities of steel? (b) In order to protect our steel industry, both public and private sector... (Interruptions)

">DR. NITISH SENGUPTA (CONTAI): There is a joint plan committee to fix the prices.

">SHRI BASU DEB ACHARIA : That he will tell us. There was also an expert committee which has also recommended. I do not know whether those recommendations have been implemented or not or whether the Steel Ministry is aware of that or not.

">In order to protect our indigenous steel industry, both public and private, some concrete measures have to be taken. The patent answer that we get since the policy of liberalisation, which has been adopted by the Government of India since 1991, is that we will have to consider the international standard while fixing the custom duty. But that also should not hamper or harm our indigenous industry also. I would like to know whether some transparent system the Ministry will adopt while fixing the floor price and whether the Ministry will also take into consideration all the aspects relating to the problems of industry, the recession in the industry, the losses that have been incurred by the industry.

">In order to protect our indigenous steel industry and also to prevent dumping of second rated steel from the advanced industrialised countries to our country, I want to know whether the Ministry of Steel is proposing or contemplating to take concrete measures.

">श्री राजीव प्रताप रूडी : सभापति जी, व्यवस्था का प्रश्न है। प्रश्न यह है कि प्रश्न नम्बर ४१ को देखा जाए।

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">सभापति महोदय : आप बोल दीजिए।

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">श्री राजीव प्रताप रूडी : सब-रूल १९ में दिया गया है:

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">"It shall not relate to a matter with which a Minister is not officially concerned."

">मंत्री जी से आप स्वयं पूछें कि इम्पोर्ट-एक्सपोर्ट और इस प्रकार की जो फ्लोर-प्राइस फिक्सेशन की बात है। यह कॉमर्स मिनिस्टरी का सवाल है, आप किसी से भी एग्जामिन करा लें। यह कॉमर्स मिनिस्टरी का सवाल है, यह गलत चला गया है।

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">सभापति महोदय : यह व्यवस्था का प्रश्न नहीं है। इसमें आप का भी नाम है, आप कृपया करके आसन ग्रहण कीजिए।

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">श्री राजीव प्रताप रूडी : मैं जो मुद्दा उठा रहा हूं, वह शत-प्रतिशत सही है, आप मंत्री जी से पूछ लीजिए, यह गलत-एडमिसिबिलिटी का सवाल है।

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">सभापति महोदय : यह व्यवस्था का प्रश्न नहीं है, आप बैठ जाइये।

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श्री किरीट सोमैया (मुम्बई उत्तर-पूर्व) : सम्माननीय सभापति जी, मैं एक अलग ही बिंदू की ओर माननीय मंत्री जी का ध्यान आकर्षित करना चाहूंगा। यह जो फ्लोर प्राइस और ड्यूटी कम करने के कारण केवल स्तील ही नहीं, जितनी भी स्टील कंपनीज हैं चाहे फिर मुकंद आयरन हो, लायड स्टील हो या एस.आर. स्टील हो। इन सब का कुछ वर्षों में

">नुकसान बढ़ा है और उनके जो भी वित्तीय संस्थान हैं और बहुसंख्यक वित्तीय संस्थान सरकारी हैं जिन्होंने इनको फाइनेंस किया था। इन सबकी जो लोन-रिपेमेंट है वह डिले हो रही है। न केवल पब्लिक इंडस्ट्रीज, पब्लिक स्टील मैन्यूफैक्टरिंग कंपनीज की बल्कि प्राइवेट कंपनीज का नुकसान भी बढ़ रहा है और उसके कारण वित्तीय संस्थानों का नुकसान बढ़ रहा है। क्या सरकार स्टील की जो उसकी नीति है उसके बारे में पुनर्विचार करके एडहॉक रूप से जो फ्लोर-प्राइस और ड्यूटी तय की जाती है, उसके बदले में सरकार एक एक्शन प्लॉन ५-१० वर्षों का डिक्लेयर करेगी और हर साल इम्पोर्ट ड्यूटी किस तरह से कम होती जायेगी, यह तय करेगी।

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SHRI ANIL BASU (ARAMBAGH): Sir, the main problem is because of slow growth of economy and the demand of steel inside the country is also declining. But the fact remains that the import of saleable steel and steel scrap. ... (Interruptions)

'>सभापति महोदय : आपको भूमिका के बिना प्रश्न पूछना है।

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">SHRI ANIL BASU : Sir, it is very much related.

">The fact remains that the value of the import of saleable steel and steel scrap is continuously increasing. In 1994-95, we imported 19.36 lakh tonnes of saleable steel at a price of Rs.2,536 crore. The steel scrap was imported to the tune of 14.17 lakh tonnes and the value was Rs.758 crore. In the same year, we exported total saleable and other steel commodities to the tune of 24.52 lakh tonnes and the value was Rs.1,718 crore. That means, we have paid more for the import of saleable steel and steel scrap.

">In the years 1997 and 1998, we imported 18.15 lakh tonnes of saleable steel at a price of Rs.2,900 crore. Steel was imported to the tune of 8.17 lakh tonnes for Rs.497 crore. That means, the total import was to the tune of Rs.3,400 crore and the export was Rs.2937 crore. So, there is a wide gap. We are importing at a larger pace. More money is paid for importing saleable steel and steel scrap and the export value is remaining at the same level though it has marginally increased.

">सभापति महोदय : आपका समय समाप्त हो गया है। अब श्री राजीव प्रताव रूडी अपनी बात कहें।

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... (व्यवधान)
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">SHRI ANIL BASU : Now, the question arises, why the domestic steel industry is facing such competition?

">श्री राजीव प्रताप रूडी (छपरा) मेरा यह कहना था कि यह विषय कॉमर्स मिनिस्ट्री से जुड़ा होना चाहिए।

... (व्यवधान)
मैं बहुत डिसिप्लिन्ड आदमी हूं

... (व्यवधान)
आपने मेरा नाम बुलाया है इसलिए मैं बोलने के लिए खड़ा हुआ हूं।

... (व्यवधान)
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">सभापति महोदय : आपका समय समाप्त हुआ। अब आप समाप्त करें।

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">SHRI ANIL BASU : Sir, in reply to the Starred Question No.44, dated 1-12-99, the Minister of Steel has said that the Government of India has notified minimum import price for certain steel items in December, 1998. The prices so fixed were based on the average export price of these items from European Union and Japan, as reported in Metal Bulletin.

">श्री राजीव प्रताप रूडी : अध्यक्ष महोदय, सब लोगों ने मेरा समय ले लिया है। ऐसे में मेरी भागीदारी कम हो जाएगी।

... (व्यवधान)
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">SHRI ANIL BASU : Now, I am coming to my question. My question is that when a floor price was fixed after taking into consideration the London Metal Bulletin Price, why the standard has been changed now? Because of the change of standard, if the current LMB price of $ 260 per tonne is taken into account, then the minimum price should be $ 280. But it has been fixed at $ 254. Why?

">सभापति महोदय : आपका समय समाप्त हुआ। आप समाप्त कीजिए।

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">SHRI ANIL BASU : It is part (b) of my question. What action the Commerce Ministry and the Finance Ministry took on the recommendation of the Steel Ministry to reduce the excise duty?

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श्री राजीव प्रताप रूडी : सभापति महोदय, इस विषय में सरकार की नीति समय-समय पर परिवर्तित होती रहती है। सरकार का यह दायित्व है कि वह देश में बसे उद्योगों को संरक्षण दे। जो किसी उद्योग से जुड़ा विषय है, उसे हम आगे बढ़ाने की पूरी कोशिश करते हैं। इसके साथ-साथ हमारी यह भी भागीदारी है कि अधिक से अधिक गुण वत्ता का सामान देश में लाएं। अगर हम उनका आयात करते हैं तो उनकी गुणवत्ता अच्छी होनी चाहिए। अगर दूसरे उद्योगों में कम दाम वाले स्टील का उपयोग होता है तो उसका लाभ किसी न किसी तरह होता है। आज सेल की कई इकाइयां रुग्ण अवस्था में चल रही हैं। दूसरी तरफ निजी क्षेत्र में भी स्टील इकाइयां हैं। अमेरिका में जब हिन्दुस्तान और रशिया का प्रोडक्ट जाने लगा तो उन्होंने भी एंटी डम्पिंग ड्यूटी लगाई। हमारे यहां भी एक प्रश्न उठा। हमने पब्लिक अंडरटेकिंग्स में बहुत बड़ा पूंजी निवेश

किया है, लेकिन उसका लाभ आज तक पिछले पचास वर्ष में मिल नहीं पाया। हम ओवर प्रोटैक्टिड इकोनोमी की तरफ बढने का प्रयास करते हैं। एक तरफ जहां पूरा वि श्व लिबरलाइजेशन की तरफ बढ़ रहा है वहीं दूसरी तरफ हम लोगों की मजबूरी हो जाती है कि हम कोर इंडस्ट्रीज को प्रोटैक्ट करें। यह सरकार की तरफ से नीतिगत फैसला होता है इसलिए मुझे इस पर अधिक नहीं कहना है लेकिन इतना जरूर कहना चाहूंगा कि इस कम्पीटेटिव युग में यह आवश्यक है कि जो-जो उद्योग हमारे देश में हैं जिन में इतना बड़ा पूंजी निवेश किया गया है, वे एक क्षमता तक आगे आएं और वहां जो प्रशासनिक अपव्यय हो रहा है, उस पर नियंत्रण करके विश्व के पैमाने पर अपने सामान को कम दर पर लाएं ताकि उसकी आय से अपने उद्योग ठीक हो सकें।

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">18.00 hrs.

">मरे विषय पर थोड़ा विश्लेषण करके समझने का प्रयास करें। मैं यह प्रार्थना करना चाहता हूं कि आज मैं जिस विषय को उठा रहा हूं, वह इन्हीं की तरफ से है।

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">समापति महोदय : आप लिखित रूप से मंत्री जी को सुझाव दे दें।

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">श्री राजीव प्रताप रूडी : महोदय, मेरा मूल प्रश्न यह है कि यह सरकार की जिम्मेदारी है कि आज के समय में अपने उद्योगों का संरक्षण करे। लेकिन साथ ही साथ यह भी सरकार का दायित्व है कि आने वाले दिनों में अपनी उत्पादकता बढ़ाकर ...

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">समापति महोदय : आपको कुछ प्रस्न पूछना है, भाषण नहीं करना है।

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">श्री राजीव प्रताप रूडी : मैं चाहता हूं कि कंपीटिटिव स्पिरिट इस्टेबलिश करके, उत्पादकता बढ़ाकर अपने उद्योगों को इतना मजबूत बनाइये ताकि विश्व में बड़े पैमाने पर हम खरे उतर सकें। माननीय मंत्री जी से मेरे तीन प्रश्न हैं...

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">समापति महोदय : आप एक प्रश्न पूछिये।

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">श्री राजीव प्रताप रूडी : समापति महोदय, मेरे एक प्रश्न तीन से जुड़ा हुआ है। मैं तीन प्रश्न पूछना चाहता हूं जो इस प्रकार हैं:

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">Why was the floor price fixed? Secondly, how does it benefit the domestic industry and to what extent? Thirdly, has any other country taken such a step to protect the industry?

">इन तीनों विषयों को एक साथ जोड़कर इनका जवाब मंत्री जी से चाहूंगा साथ ही यह भी कहना चाहूंगा कि अपनी तरफ से अपने उद्योगों को कंपीटिटिव बनाने के लिये क्या कार्यवाही कर रहे हैं?

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">समापति महोदय : सरकार की तरफ से माननीय मंत्री जी का उत्तर होने के लिये समय नहीं है और पूर्व में उदाहरण है कि पूर्व के अध्यक्ष महोदय का यह निय.मन था कि जब समय न हो तो माननीय मंत्री लिखित रूप से सदन के पटल पर रख देंगे। किसानों की समस्या महत्वपूर्ण है, इसलिये किसानों की समस्या पर बहस जारी की जाती है। अब ६ बज चुके हैं।

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">SHRI BASU DEB ACHARIA : The hon. Minister will complete his reply within five minutes. (Interruptions).

">समापति महोदय : माननीय मंत्री जी इस सदन में माननीय. सदस्यों द्वारा उठाये गये सवालों का जवाब सभा पटल पर रख देंगे। अब समय नहीं है। किसानों की समस्या पर बहस शुरु हो।

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THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI DILIP RAY): Sir, I lay my reply on the Table of the House.